

LAFCO

Meeting Date: February 6, 2008

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
Dunia Noel, LAFCO Analyst

SUBJECT: **Alternative Boundaries Discussion for the Proposed
Incorporation of San Martin**

Agenda Item # 9.2b

STAFF RECOMMENDATION

Identify the preferred alternative boundary for the proposed incorporation of San Martin to:

- Exclude Area 1
- Include Area 2
- Include Area 3
- Exclude Area 4
- Exclude Area 5
- Exclude Area 6
- Exclude Area 7

See **Attachment A** for map depicting the proposed boundary and the potential alternatives. Final action on the boundaries will take place at the LAFCO public hearing on the incorporation proposal, to be held tentatively in May 2008.

BACKGROUND

At the December 5, 2007 LAFCO Meeting, staff presented recommendations for alternate incorporation boundary alignments. LAFCO also received public testimony concerning LAFCO staff recommendation to exclude Areas 1, 3, 4, 5, 6, 7, and to include Area 2. LAFCO discussed the various recommendations and there was a consensus about including Area 2, excluding Area 1, and excluding Area 3 if the City of Morgan Hill was supportive of including this area within their Sphere of Influence. The Commission indicated that they would like to study Areas 4, 5, 6 and 7 further and also take a tour the proposed incorporation

boundaries. The Commissioners, staff, the proponents, and various stakeholders toured the San Martin Incorporation area on January 9, 2008.

Table 1 is a summary of the recommendations and preliminary direction provided by LAFCO at the December LAFCO meeting.

Table 1: Summary of December 5, 2007 LAFCO Meeting on Boundaries

Areas	12/5/2007 Staff Recommendation	LAFCO Direction
Area 1	Exclude	Exclude
Area 2	Include	Include
Area 3	Exclude	Exclude if Secure Morgan Hill's Support
Area 4	Exclude	Further Study
Area 5	Exclude	Further Study
Area 6	Exclude	Further Study
Area 7	Exclude	Further Study

See **Attachment B** for the December Staff Report on alternative boundaries. See **Attachment C** for the letter dated January 30, 2008 that the proponents have submitted regarding the incorporation boundaries.

FURTHER STUDY OF ALTERNATE INCORPORATION BOUNDARY ALIGNMENTS

Area 3: Morgan Hill Does Not Support Excluding Area 3

At the December LAFCO Meeting, LAFCO staff recommended excluding Area 3 and including it in Morgan Hill's Sphere of Influence. However, the City of Morgan Hill has indicated that they do not support inclusion of the area within its sphere of influence. Therefore LAFCO staff is recommending that Area 3 remain in the proposed incorporation boundary.

Area 6: No Issues

At the December LAFCO Meeting, LAFCO staff recommended excluding Area 6. One issue of concern for LAFCO related to LAFCO's policy about wholly including or excluding community based special districts from the incorporation area, unless there is an overriding benefit to doing so or if there is no negative impact from dividing the district. The Lion's Gate Community Service District would be split between the new town and the unincorporated County if Area 6 were excluded from the incorporation boundary; however, staff has not identified any negative issues with dividing the district. Another issue relates to the open space conservation easement that the County holds in the area that was

granted to the County as part of the Cordeville Golf Course development. The easement provides that these lands are to remain in perpetual open space and the easement will remain with the County even if the area becomes part of the City. Therefore, the easement will not affect whether the area should be in the incorporation boundary. The proponents concur with this recommendation as the area would remain a State Responsibility Area (SRA) for fire protection purposes and would not require the new town to fund additional fire fighting equipment.

Area 7: More Remote and Can Only Be Accessed from Watsonville Road

At the December LAFCO Meeting, LAFCO staff recommended excluding Area 6 because most of the area contains Williamson Act Lands, is zoned Agriculture Medium Scale, consists of “Prime Farmland”, and is remote with access coming from Watsonville Road. Furthermore, the remoteness of this area in relation to the rest of the incorporation boundaries is not consistent with LAFCO’s policy that calls for the incorporation boundary to be compact.

Area 4 and Area 5:

At the December LAFCO meeting, staff recommended excluding Areas 4 and 5. The proponents raised several issues with exclusion of the area. The following are staff responses to issues that the proponents have raised with regard to excluding Areas 4 and 5 from the incorporation boundaries:

A. Excluding Areas 4 and 5 will not create islands of unincorporated areas and will not disenfranchise the residents in those areas

The proponents have raised the concern that excluding Areas 4 and 5 will create unincorporated islands and will disenfranchise the residents of those areas. Both Areas 4 and 5 are adjacent to thousands of acres of unincorporated lands and would not be considered unincorporated islands. Both Morgan Hill and Gilroy contain similar unincorporated areas within their respective spheres of influence. The unincorporated residents, not within a city are represented by the County government.

B. The County General Plan Calls for Buffers between Cities

The proponents have stated that the County General Plan does not require buffers between cities. See **Attachment D** for local General Plan policies relating to establishment of buffers between cities in South County. The County General Plan, Morgan Hill General Plan, and Gilroy General Plan all include policies which call for the creation/maintenance of buffers between cities in the South County. Additionally, LAFCO has received comment letters from both the cities noting these policies and their significance. The City of Gilroy’s letter (see **Attachment E**) expresses

concerns specifically about the southern incorporation boundary. The City of Morgan Hill also raised similar concerns about the northern incorporation boundaries.

C. Areas 4 and 5 are geographically / demographically different from the other areas remaining in the incorporation boundaries.

Table 2: Land Use and Development in Areas 4, 5 and Remaining Area

	Area 4	Area 5	Boundary without Areas Recommended for Exclusion
General Plan Designation	Agriculture Medium Scale	Rural Residential, Agriculture Medium Scale, Roadside Services, Major Public Facilities, Other Public Lands	Rural Residential, Hillsides
Zoning Designation	"A" (Exclusive Agriculture, Medium Scale, 20 acres minimum lot size)	"RR" (Rural Residential, 5 to 20 acres minimum lot size based on slope, 1 acre minimum for cluster subdivisions) "A" (Exclusive Agriculture, Medium Scale, 20 acres minimum lot size) "RS" (Roadside Services)	"RR" (Rural Residential, 5 to 20 acres minimum lot size based on slope, 1 acre minimum for cluster subdivisions) "HS" (Hillsides, 20 to 160 acres minimum lot size based on slope, 2 acres minimum for cluster subdivisions)
Total Acreage	701 acres	1,401 acres	6418 acres
Undeveloped Lands	219 acres (31% of total)	572 acres (41% of total)	1743 acres (27% of total)
Williamson Act Lands	113 acres (16% of total)	345 acres (25% of total)	1301 acres (20% of total)

The proponents have stated that Areas 4 and 5 are not geographically/demographically different from the other areas remaining in the incorporation boundaries. However Table 3 demonstrates that there are differences in terms of general plan and zoning designations, percent of undeveloped land, and percent of Williamson Act lands. Approximately

31% of land in Area 4 is undeveloped and 41% of land in Area 5 is undeveloped. That's a total of 791 acres which is equal to over half of the undeveloped land in the remaining area.

Additionally, based on the State Department of Conservation's Important Farmland Map, the majority of lands in Area 5 and a significant amount of lands in Area 4 are considered "prime farmland" or "farmland of statewide importance". (See **Attachment F** for the Important Farmlands Map)

D. Fiscal impacts of excluding Areas 4 and 5 will be determined by the CFA

The Comprehensive Fiscal Analysis (CFA) is required to include information on the fiscal impacts of alternative boundary alignments. LAFCO staff and its consultant are in the processing of finalizing the draft CFA which will be discussed at the February 6th LAFCO Meeting. The Draft CFA will include information concerning the fiscal impacts of excluding Areas 4 and 5.

RESPONSE TO OTHER BOUNDARY RELATED ISSUES RAISED BY PROPONENTS

Urban Service Area and Sphere of Influence are Necessary

The incorporation proponents have requested that the new town not have an Urban Service Area because it is not required or a Sphere of Influence because it will encourage growth within the city limits. The establishment of an Urban Service Area and Sphere of Influence will provide a framework for long range planning.

It is the establishment of a city limit that commits the city to provide services and not the establishment of an Urban Service Area boundary. Furthermore, the city council will determine if and how a city grows. The types and levels of service provided in the city limits are determined by the city's plans and policies. In the early 1970s LAFCO, the County, and the 15 Cities all adopted Joint "Urban Development Policies" that implement the concept of staged urban development and managed growth and development in the County. While it is currently the intent of the proponents to maintain the current rural character of San Martin, a future city council may implement a different vision.

LAFCO staff has recommended that Areas 4 and 5 remain unincorporated, but located within the new city's Sphere of Influence. This is consistent with the pattern of neighboring cities such as Morgan Hill, Gilroy and San Jose.

Perimeter Roads Should be Included in Incorporation Boundary

The incorporation proponents have requested that the perimeter roads (i.e. Watsonville Road, Masten/Fitzgerald and Maple Avenue not be included in the incorporation boundary because these roads carry traffic that is mostly unrelated to San Martin and will reduce the town's road maintenance costs. LAFCO staff has recommended that these perimeter roads remain in the incorporation boundary (except Watsonville Road, which is excluded) because LAFCO's Road Annexation Policies require that an annexing city also annex adjacent unincorporated roads and these roads are directly adjacent to the lands proposed for incorporation and are used to access lands proposed for the incorporation. Furthermore, Masten/Fitzgerald and Maple Avenue are located outside of both Morgan Hill's and Gilroy's Sphere of Influence. Excluding these roads from the incorporation boundary would mean that LAFCO would have to amend both Morgan Hill's and Gilroy's Sphere of Influence in order to include these roads in those cities' Sphere of Influence.

CONCLUSION

The incorporation boundary proposed by the proponents is not consistent with local / LAFCO policies that call for city boundaries to be compact, not to include agricultural lands and open space lands, that buffers/greenbelts between South County Cities should be maintained/established, and that discourage the premature conversion of agricultural and open space lands and efficient provision of services.

The proponents have stated that the intent of the incorporation is to maintain the current rural character of the community. However, once the city is formed, the new City council will have land use authority over lands within the city limits.

Table 3: Comparison of Land Use and Development

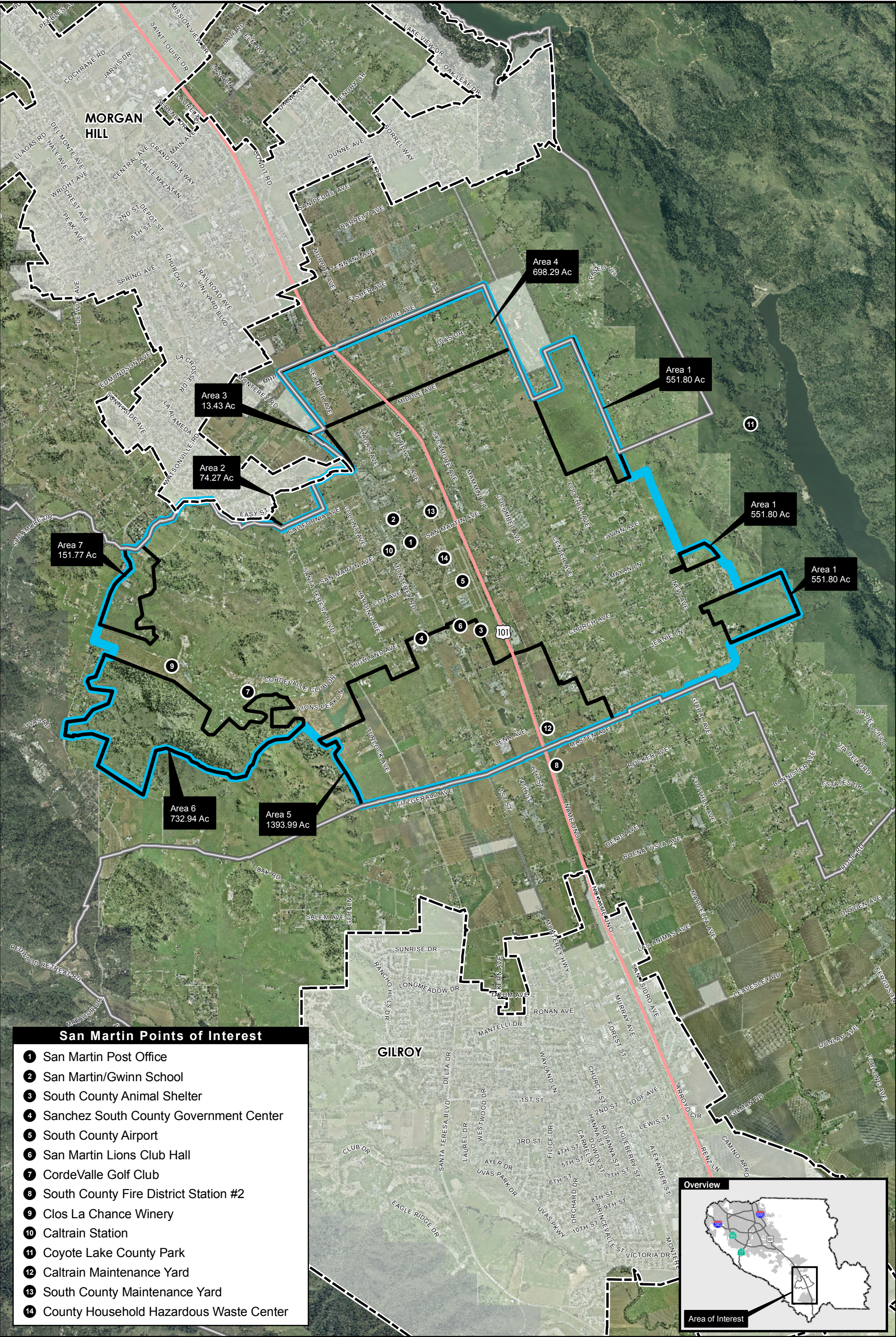
	Staff Recommended Boundary	Proponents Recommended Boundary
Total Acreage	6,418 acres	8,659 acres (26% more than staff recommended boundary)
Undeveloped Lands	1,743 acres	2,552 acres (29% more than staff recommended boundary)
Williamson Act Lands	1,301 acres	1,863 acres (43% more than staff recommended boundary)

The staff recommended incorporation boundary would reduce the amount of undeveloped land within the city limits by nearly 30%, reduce the amount of Williamson Act lands by over 40% and keep out a majority of the “prime” and “important” farmlands from the incorporation boundary. In addition, the staff recommended boundary would establish separators between the new city and the vast majority of unincorporated lands located north of Maple Avenue and south of Masten Avenue that are in active agriculture or are undeveloped which will help reduce conflicts with the continued agricultural use of these lands and prevent their premature conversion.

ATTACHMENTS

- Attachment A: Map depicting the proposed incorporation boundary and the potential alternative areas
- Attachment B: December 5, 2007 LAFCO Staff Report on “Consideration of Potential Modifications to the Proposed Incorporation Boundaries of the Town of San Martin”
- Attachment C: January 30, 2008 Letter from San Martin Incorporation Proponents regarding incorporation boundaries
- Attachment D: Local General Plan Policies relating to establishment of buffers in South County.
- Attachment E: January 10, 2008 Letter from the City of Gilroy relating to San Martin incorporation boundaries
- Attachment F: 2006 Important Farmland Map for the San Martin Area

Potential Modifications to the Proposed San Martin Incorporation Boundary

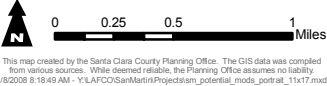


San Martin Proposed Boundary

Spheres of Influence (SOI)

San Martin Potential Modification Area

Urban Service Areas (USA)



LAFCO
Local Agency Formation Commission of Santa Clara County

LAFCO

Meeting Date: December 5, 2007

TO: LAFCO

FROM: Neelima Palacherla, Executive Officer
Dunia Noel, LAFCO Analyst

SUBJECT: **Consideration of Potential Modifications to the
Proposed Incorporation Boundaries of the Town of San
Martin**

Agenda Item # 8.2

STAFF RECOMMENDATION

Accept report and provide direction as necessary.

BACKGROUND

Project is the Proposed Incorporation of the Town of San Martin

LAFCO is processing an incorporation proposal for the Town of San Martin which is located in southern Santa Clara County between the cities of Morgan Hill and Gilroy. The incorporation, if approved by LAFCO and supported by a majority vote of registered voters in the area, would transfer general governance and jurisdiction over service provision and land use decisions from the County of Santa Clara to the new Town of San Martin. The project also involves the establishment of planning boundaries such as an urban service area and a sphere of influence for the new Town of San Martin. No new development or new services or change in the level of services is associated with the proposed project.

As indicated by the project proponents (San Martin Neighborhood Alliance), one of the intents of the incorporation is to maintain the current rural residential character and small-scale agricultural activities of the community.

Proposed Incorporation Boundary for the New Town of San Martin

The proposed incorporation boundary of the Town of San Martin, as submitted by the proponents, roughly encompasses a 10,473-acre (16.36 square miles) area bounded by Maple Avenue on the north, New Avenue on the east, Masten Avenue on the south, and Watsonville Road on the west. The northern portion of the proposed incorporation boundaries is coterminous with the City of Morgan Hill's Sphere of Influence Boundary (SOI) and the southern portion of the proposed incorporation boundaries is coterminous with the City of Gilroy's Sphere of Influence Boundary (SOI). The western and eastern portion of the

boundary includes lands up to the foothills. (see **Attachment A** for a map of the proposed incorporation boundaries)

In comparison, the neighboring cities of Morgan Hill (34,000 population) and Gilroy (43,000 population) encompass approximately an area of 11.67 square miles and 16.53 square miles respectively.

Other LAFCO Boundaries for the New Town of San Martin

Urban Service Area Boundary (USA)

The USA is an area in which a city (with LAFCO approval) designates where and when urban development should occur based on the concept that cities should plan for the provision of urban services and facilities within a 5-year time span and annex the area within a 5-year time span.

The proponents have requested that the proposed new Town not have an USA boundary, because the intent of the incorporation is to retain the rural character and to not provide urban services. There is no requirement that an incorporating city must establish an USA boundary at the time of incorporation. However, each city in Santa Clara County has an urban service area boundary. Under LAFCO Policies, a city without an USA boundary would not be able to annex additional lands.

Therefore, LAFCO staff believes that an USA should be established that is coterminous with the city limits. Such a boundary would not create any expectations with regard to the provision of urban services. The provision of urban services within such USA/city limits will be determined by the city.

Sphere of Influence Boundary (SOI)

In Santa Clara County, a SOI boundary for a city serves multiple purposes including:

- A long-range planning tool to help LAFCO evaluate USA boundary changes and annexation requests,
- The area designated as a city's planning area or area covered by a city's General Plan,
- Areas that will not necessarily be annexed by a city or will not necessarily receive services from the city, but are areas in which the County and a city may have shared interest in preserving non-urban levels of land use,
- Areas where a city and a county have significant interaction, and
- Areas that contain social or economic communities of interest to a city.

State law defines the SOI as the probable physical boundaries and service areas of a local agency. In Santa Clara County, the USA functions in the same manner as SOIs. When evaluating proposed urban expansions, LAFCO utilizes the city's existing USA as a more important factor than the city's existing SOI, because the USA is a shorter-term growth boundary that is directly linked to the city's ability to provide services.

LAFCO may either approve a SOI for a new city at the time of LAFCO's hearing on the proposed incorporation or postpone consideration of the SOI for up to one year (Government Code Section 56426.5) after voter approval.

LAFCO Must Also Consider Alternate Incorporation Boundary Alignments

LAFCO is required to consider alternative boundaries and is empowered to modify boundaries in its review of proposals in accordance with Government Code 56668 and 56375(a) and (l) and LAFCO Policies. As part of LAFCO's review of the proposed incorporation, LAFCO must consider whether the proposed incorporation boundaries are consistent with State law, LAFCO Policies, and Santa Clara County General Plan Policies. Modifying boundaries is one means by which LAFCO can eliminate conflicts with LAFCO Policies and the CKH Act. The LAFCO Executive Officer must evaluate boundary issues and present a recommended boundary for the Commission's consideration.

Although the new Town will adopt the Santa Clara County General Plan and Zoning Ordinance after incorporation, there is no guarantee that the Town will continue to use this General Plan and Zoning Ordinance long term. LAFCO has no authority over lands located in a city. Therefore, LAFCO would be concerned about how the Town's decisions could impact agricultural lands that are included in the city's boundaries as well as adjacent agricultural lands. The Santa Clara County General Plan contains policies that support urban buffers and or greenbelt concepts between the South County cities and San Martin in order to maintain community identity, avoid encroachment into agricultural lands and to minimize land use conflicts. Both the Cities of Morgan Hill and Gilroy contain unincorporated lands within their respective SOI boundaries that serve as an urban buffer/greenbelt .

The proposed incorporation boundaries include:

- Approximately 2,132 acres of Prime Farmland, 257 acres of Unique Farmland, and 577 acres of Farmland of Statewide Importance
- Approximately 1,004 acres of land designated Agricultural Medium Scale

- 187 properties that are under the Williamson Act totaling 2,200 acres. However, 126 of 187 are under non-renewal and set to expire in years 2016 or 2017. The remaining 61 properties are primarily located within the southwestern and northern parts of the proposed boundaries for San Martin.

Lastly, the majority of the adjacent lands just north and south of the proposed incorporation boundary are designated by the California Department of Conservation as “prime farmland” and “farmland of statewide importance.” These lands also meet LAFCO’s definition of “prime farmland.”

POTENTIAL MODIFICATIONS TO PROPOSED INCORPORATION BOUNDARY

LAFCO should consider modifying the proposed incorporation boundaries in order to address these issues and to specifically:

- Encourage compact orderly growth and development
- Avoid creating islands and areas difficult to serve
- Guide development away from open space and agricultural lands
- Avoid negatively impacting adjacent agricultural lands
- Maintain urban buffers, greenbelts, and community separators consisting of land outside of a city

LAFCO staff has developed the following potential modifications to the proposed incorporation boundaries of the new Town of San Martin (see **Attachment B** for Map of these Areas 1 through 7):

AREA 1: Exclude the County of Santa Clara’s Parklands and lands designated “Ranchlands” in the Santa Clara County General Plan.

The proposed incorporation boundaries include 253 acres of parklands (i.e. the County of Santa Clara’s Coyote Lake Harvey Bear Ranch County Park) and 356 acres of lands designated “Ranchlands” in the County General Plan. LAFCO Policies discourage the inclusion of open space lands in the incorporation boundary. Therefore, including County parklands and lands designated “Ranchlands” in the city limits is not appropriate.

AREA 2: Include area along California Avenue.

Including this area would ensure that the incorporation boundaries do not create an island. An island is an unincorporated area that is substantially surrounded by a city or cities. LAFCO is prohibited from creating islands because islands are inefficient to serve and create illogical boundaries. This area is currently in

Morgan Hill's SOI and outside of Morgan Hill's USA. However, this area is topographically and geographically better suited to be within San Martin. This modification of the proposed boundary will require LAFCO to amend Morgan Hill's SOI and to remove this area from Morgan Hill's SOI. The City of Morgan Hill has indicated that they, on a preliminary basis, support this alternative.

AREA 3: Exclude the Crowner Subdivision.

The Crowner Subdivision and surrounding area along Monterey Road is substantially developed to urban densities. The 25 homes in the area rely on individual septic systems and share a water system that relies on a few wells that are located within the subdivision. At least one well has been taken off-line in the past to address bacterial contamination issues. This area may require urban services in the future in order to address a public health and safety issue. As the intent of the proposed incorporation is not to provide urban services or to change the level of existing services that the area receives, LAFCO staff believes it is not appropriate to include this area in the incorporation boundaries.

Staff will discuss this with the City of Morgan Hill and obtain their support for placing this area within Morgan Hill's SOI since the City is the nearest urban service provider. Including the area within Morgan Hill's SOI will not commit Morgan Hill to provide the area with urban services. The City of Morgan Hill can determine if and when to request inclusion of the area within its USA boundary and eventually annex the area. Once annexed, the City can provide the area with urban services.

AREA 4: Exclude area north of Middle Avenue designated "Agriculture Medium Scale" under the Santa Clara County General Plan

This area and the lands directly north of it make up a large agricultural area. State law and LAFCO Policies discourage the inclusion of agricultural lands in a city and require LAFCO to consider such factors as the proposal's effects on adjacent lands and effects on the economic integrity of agricultural lands. Similarly, various policies of the Santa Clara County General Plan call for the use of urban buffers, greenbelts, and community separators between cities in South County in order to maintain community identity, avoid encroachment into agricultural lands, and to minimize land use conflicts. Therefore, including the area in the city limits is not appropriate.

However, LAFCO could consider including the area within the Town's SOI boundary, but outside of the city limits. This would allow the Town to include this area in its General Plan, facilitate joint planning with the County for this

area, and allow the Town to participate in the County's development review process for this area through the informal County/City referral process.

AREA 5: Exclude areas in southwest

This area includes some lands that are located west of Turlock Avenue that are designated "Agriculture Medium Scale" in the County General Plan and are adjacent to lands with the same designation as well as lands designated "Open Space Reserve." In addition, the area also consists of larger size parcels relative to the other areas within the proposed incorporation boundaries. This area also includes lands identified as "prime agricultural lands" by the California Department of Conservation. This area also has a high concentration of lands that hold a Williamson Act contract.

State law and LAFCO Policies discourage the inclusion of agricultural lands in a city and require LAFCO to consider such factors as the proposal's effects on adjacent lands and effects on the economic integrity of agricultural lands. Similarly, various policies of the Santa Clara County General Plan call for the use of urban buffers, greenbelts, and community separators between cities in South County in order to maintain community identity, avoid encroachment into agricultural lands, and to minimize land use conflicts. Therefore, including this area in the city limits is not appropriate.

However, LAFCO could consider including the area within the Town's SOI boundary, but outside of the city limits. This would allow the Town to include this area in its General Plan, facilitate joint planning with the County for this area, and allow the Town to participate in the County's development review process for this area through the informal County/City referral process.

AREA 6 (For Further Study): Lands under an Open Space Conservation Easement in the Southwest section of the CordeValle Development

This area is being identified at this time for further study by LAFCO and includes unincorporated lands that are under an open space conservation easement that is held by the County of Santa Clara. LAFCO Policies discourage the inclusion of open space lands in the incorporation boundary. Therefore, including these lands in the city limits may not be appropriate. LAFCO staff is studying the ramifications of including these lands in the proposed incorporation boundaries. The proponents of the incorporation have also indicated that it may be appropriate to exclude this area from the proposed incorporation boundaries due to concerns about the adequacy of wildland fire protection services to this Area. LAFCO staff is conducting further research on this issue.

AREA 7 (For Further Study): Lands Designated “Agricultural Medium Scale” in the Santa Clara County General Plan, specifically located on the west side of the Proposed Incorporation Boundary

This area is being identified at this time for further study by LAFCO. This area and the lands directly west of it make up a medium size agricultural area and are designated “Agricultural Medium Scale” in the Santa Clara County General Plan. State law and LAFCO Policies discourage the inclusion of agricultural lands in a city and require LAFCO to consider such factors as the proposal’s effects on adjacent lands and effects on the economic integrity of agricultural lands. Therefore, including these lands in the city limits may not be appropriate.

However, LAFCO could consider including the area within the Town’s SOI boundary, but outside of the city limits. This would allow the Town to include this area in its General Plan, facilitate joint planning with the County for this area, and allow the Town to participate in the County’s development review process for this area through the informal County/City referral process.

NEXT STEPS

These are LAFCO staff’s preliminary recommendations regarding potential modifications to the proposed incorporation boundaries of the Town of San Martin. LAFCO staff will work with the Comprehensive Fiscal Analysis (CFA) consultant to determine the financial and service impacts of these potential modifications. LAFCO staff will also consider whether any of the potential boundary modifications affect the proposed CEQA analysis.

ATTACHMENTS

- Attachment A:** Map of Proposed San Martin Incorporation Boundary
- Attachment B:** Map of Potential Modifications to the Proposed San Martin Incorporation Boundary



San Martin Neighborhood Alliance

“Together We Make A Difference”

January 30, 2008

Local Agency Formation Commissioners of Santa Clara County
Neelima Palacherla, Executive Officer
70 West Hedding Avenue
11th Floor, East Wing
San Jose, California 95110

RE: San Martin Incorporation Boundaries

Dear Santa Clara County LAFCO Commissioners and Ms. Palacherla:

The proponents offer the following regarding the proposed boundary alternatives.

The proponents urge the Commission to make a decision on the proposed San Martin incorporation boundaries at the February 6, 2008 LAFCO Board meeting in order to allow for effective revenue neutrality negotiations. It is difficult to determine revenue neutrality without knowing the areas to be included.

The proponent urges the Commission to adopt the boundary proposed by the proponents with the following changes.

Area 1 – Exclude the County of Santa Clara’s Parklands and lands designated “Ranchlands” in the Santa Clara County General Plan.

The proponents agree that Area 1 should be excluded.

Area 2 – Include area along California Avenue

The proponents agree that Area 2 should be included as it identifies with San Martin.

Area 3 – Exclude the Crowner Subdivision

The proponents agree that Area 3, including the Crowner subdivision, should be added to the Morgan Hill Sphere of Influence because the area appears to identify more with Morgan Hill. Also, the Morgan Hill city limits border this area on the north.

Area 6 – (For Further Study): Lands under an Open Space Conservation Easement in the Southwest section of the CordeValle Development

The proponents agree that Area 6 should be excluded so the area remains the State’s responsibility area for fire control.

Neelima Palacherla

1/31/08

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Area 4 – Exclude area north of Middle Avenue designated “Agriculture Medium Scale” under the Santa Clara County General Plan

Area 5 – Exclude areas in the southwest

Area 7 – (For Further Study): Lands Designated “Agricultural Medium Scale” in the Santa Clara County General Plan, specifically located on the west side of the Proposed Incorporation Boundary

Areas 4, 5 and 7 should remain in the incorporation boundaries for the reasons stated below.

As the Commission observed during the tour of San Martin, Areas 4, 5, and 7 that LAFCO staff has proposed to remove from the incorporation boundaries have essentially the same demographic and physical appearance as the other areas remaining in the incorporation boundaries. Area 4, zoned “Medium Scale Agricultural” is primarily in rural residential use. According to LACO staff, 70 percent of Area 4 has already been developed as residential. There is an insignificant percent of productive agriculture in Area 4.

Area 5 is zoned “Rural Residential” and is slated to be divided into rural residential uses. Currently, 60 percent of Area 5 is divided into rural residential uses. While there is more agricultural use in Area 5 than in Area 4, under the current general plan and zoning, this area is destined to be used for rural residential purposes. This is underscored by the recent approval of a 19-lot subdivision on the last large parcel in Area 5 by the County Board of Supervisors. Nevertheless, if any part of Area 5 is to be excluded, the area west of Santa Teresa Blvd and south of Corde Valle may be considered because most of that part is zoned agricultural.

Area 7 is also zoned in part agricultural. However, there is only horse property in this area. There does not appear to be any active agricultural use in Area 7. The residents in Area 7 have expressed a desire to be part of San Martin.

As stated in our January 15, 2008 letter, there is no reason based on policy or law to remove Areas 4, 5, and 7 from the incorporation to create “buffers.” There are no provisions in the South County Joint Area Plan Policies (SCJAPP) to create “buffers between cities.” The only language related to “buffers” is found in Section 14 related to agriculture. Under the SCJAPP, the County and the Cities should plan for further urban growth to occur in areas without encroachment into those agricultural lands with the greatest long-term potential to remain economically viable. SC 14.7. The purpose of the policies is to preserve agricultural lands that are economically viable. SC 14.11 provides:

To be consistent with these policies, the city is required to maintain a compatible use between any urban expansion areas and economically viable agricultural lands. "Rural Residential" is a compatible use. The SCJAPP require that the new city general plan be rural residential in all its outlying areas that are near viable agricultural areas.

Based on the SCJAPP, there is no reason based on the County General Plan that Areas 4, 5 or 7 be omitted as "buffer zones."

Morgan Hill's comments to the initial study mention SC 17.9 (b) related to "greenbelts." This provision states, "new land uses should be consistent with programs which the three jurisdictions develop to maintain greenbelts between Morgan Hill and San Jose, and between Morgan Hill, San Martin, and Gilroy." "Greenbelt" is not a defined term in the context of SC 17.9. We are not aware that the three jurisdictions have developed a program to maintain greenbelts between the cities. There is no provision related in the section related to incorporated boundaries. Without the benefit of an existing program to develop greenbelts, proponents will assume that rural residential zoning or use is consistent with the term "greenbelt." The incorporation does not propose any new land uses. Thus the incorporation is not inconsistent with SC 17.9 and does not constitute a reason to alter the proposed incorporation boundaries.

No Creation of Urban Service Area. A more critical concern relates to the creation of an "Urban Service Area" for San Martin. The SCJAPP do not require creation of an urban service area for the new town. Further, there is nothing in the County General Plan or local or State law requiring the creation of an Urban Service Area.

While the SCJAPP should be applied to the incorporation of San Martin, the urban use policies that apply to Morgan Hill and Gilroy cannot be applied to the proposed incorporation of San Martin. The SCJAPP provides at SC 18.16:

If, in the future, changes in the level of development or form of governance are recommended for San Martin, a special area plan and an implementation program should be prepared for the San Martin area. This plan should be prepared with input from the Cities of Gilroy and Morgan Hill, and the San Martin Planning Committee.

If San Martin is successful in its bid for incorporation, all the jurisdictions in South County should convene to appropriately modify the SCJAPP in a manner that is consistent with preserving rural residential uses in San martin.

Upon incorporation of San Martin, to the extent that a new general plan is developed or the County General Plan is modified for the new city, the city's general plan should be consistent with the goals of the SCJAPP. SC 0.2. San Martin should adopt its general plan with consultation with other South County Jurisdictions. SC 1.5, SC 18.16. There should be no urban service area created upon incorporation. After incorporation, San Martin may create an Urban Service Area with its adoption of a general plan only to the extent that any urban areas are proposed. SC 1.9, SC 1.12. It is unlikely that an Urban Service Area larger than the "core area" of the town will be created. After incorporation, San Martin should create policies to limit any urban service area extensions and utility extensions to guide urban growth away from long-term agricultural areas. SC 14.9.

Based on the above, the proponent does not support the creation of an urban service area upon incorporation.

Spheres of Influence Encourage Urban Growth Within City Limits. SMNA is concerned by the potential exclusion of portions of the proposed incorporation boundaries presented in our Application for Incorporation to create Spheres of Influence between Morgan Hill and San Martin on the north and Gilroy

Neelima Palacherla

1/31/08

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and San Martin on the south. It is the primary stated purpose of the incorporation to allow local control of land use decisions to preserve the rural residential quality of San Martin. SMNA does not believe that excluding these areas furthers that goal.

Creation of Spheres of Influence between San Martin and the neighboring cities would actually be counter productive and may actually be growth inducing. Santa Clara County has a unique provision that requires a city to utilize most of the land in it's "urban service area" for urban development before additional land can be considered for annexation into the city. However, oppose creation of an urban service area in connection with the incorporation. Therefore, any land left out to create Spheres of Influence could never be annexed into the new town unless an urban service area is created and the land is consumed by urban development.

Exclusion of Perimeter Roads. Proponents propose that the boundaries be modified slightly to exclude the perimeter roads from the incorporation including Watsonville Road, Masten/Fitzgerald and Maple Avenue. These roads carry traffic that is mostly unrelated to San Martin. Further, County maintenance of these roads will free up some of the general fund for the town to be used for revenue neutrality payments while still showing savings to the County road fund as a result of the incorporation. As stated in our January 15, 2008 letter, there are no incorporation policies that require inclusion of perimeter roads in the incorporation boundaries. Neither is there any state policy or law that prohibits exclusion of these roads.

Summary. For these reasons, among others, excluding the north and south parts of the town from the incorporation boundaries do not represent prudent planning. Excluding the perimeter roads, however, does provide benefits to the county and the new town. Proponents hope to have an opportunity to further address these concerns and answer questions at the February 6, 2008, LAFCO meeting.

Sincerely,

SAN MARTIN NEIGHBORHOOD ALLIANCE



Richard van't Rood

RVR/djk

LOCAL GENERAL PLAN POLICIES CONCERNING BUFFERS

SOUTH COUNTY JOINT AREA PLAN POLICIES (Book B, Part 5, Santa Clara County General Plan)

SC 14.11

In order to separate agricultural from urban activities, and to minimize land use conflicts, buffers should be established between viable agricultural areas and urban expansion areas. Activities in these buffer zones should be limited to uses which are compatible with both agricultural and urban activities. Specific uses should be defined through an open intergovernmental process.

SC 16.0

The wide variety of open space areas in the South County should be preserved and maintained. Greenbelts should delineate and provide contrast to the urban areas of the South County cities.

SC 16.13

Greenbelts should define the urban areas of the South County Cities. The northern boundary of Morgan Hill should be defined by a Coyote Valley greenbelt comprised of agricultural uses, rural estates and the Coyote Park chain. A similar area should be maintained between Morgan Hill and Gilroy to maintain community identity.

SC 16.14

A greenbelt should be established between San Jose and Morgan Hill in the Coyote Valley.

SC 16.22

The South County Cities and the County together should:

- a. establish policies and implementation plans for greenbelts between cities, and
- b. identify and help establish a viable source of funding for acquiring and developing regional parks and pathways and, open space.

SC 17.9 Consistent with Preservation 2020 Program,

- a. consideration should be given to land uses that will result in permanent preservation of substantial areas of open space;

- b. new land uses should be consistent with programs which the three jurisdictions develop to maintain greenbelts between Morgan Hill, San Martin, and Gilroy.
- c. the three jurisdictions should further define the appropriate land uses for greenbelts and methods of implementation that address conflicts between private property rights and public objectives.

This same policy is also included in the Open Space and Conservation Element of Morgan Hill General Plan (Policy 2b)

CITY OF GILROY GENERAL PLAN

Action 4.B

Interagency Coordination for Agricultural Protection. Work with the County and key stakeholder groups to protect and support the continued viability of agriculture in lands within the City's sphere of influence. Discourage (a) property subdivisions or the splitting of properties by new roads into parcels too small to be used economically for agricultural purposes, and (b) the premature conversion of agricultural lands to urban uses until such lands are annexed by the City. Also, ensure proper referral procedures for project proposals in unincorporated areas of the City's Sphere of Influence, facilitating communication between the City and County on projects that may have an impact on the City's land use plans and policies.

Policy 20.05

Greenbelts. Designate protected open space areas in conjunction with agricultural lands to create significant natural buffers, or "greenbelts," between Gilroy and surrounding communities, helping to retain the city's semi-rural, small town quality. Land uses within a greenbelt should be determined by joint planning activities of the South County cities and the County, but might include very low density residential development; public parks and recreation areas; privately operated recreation areas; and agriculture. Of special concern is the area separating the northern part of the Gilroy Planning Area from the community of San Martin. If an adequate greenbelt cannot be established in the area north of Masten and Fitzgerald Roads, then the Gilroy General Plan Land Use Map should be amended to include a greenbelt strip in the northern part of the Planning Area.

Action 20.E

Greenbelt Definition and Protection. Work with the other South County communities and Santa Clara County to define a greenbelt of open spaces and agricultural areas separating Gilroy from adjoining communities. Ensure that this greenbelt area is protected from urban development through the policies of the South County Joint Area Plan and the general plans of each planning entity. Work with the South County Joint Planning Advisory Committee to define allowed land uses for the greenbelt area.

Action 20.F

Gilroy-San Martin Greenbelt. If a greenbelt cannot be defined in the area north of Masten and Fitzgerald Roads to separate the projected build-out area of Gilroy from the community of San Martin, amend the Gilroy General Plan Land Use Map to provide such a greenbelt in the area just south of Masten and Fitzgerald Roads.

January 10, 2008

Neelima Palacherla, Executive Director
Local Agency Formation Commission
70 West Hedding Street
11th Floor, East Wing
San Jose, CA 95110

Subject: Proposed San Martin incorporation boundary

Dear Neelima;

Thank you for the opportunity to comment on the proposed boundaries for the future incorporation of San Martin. Gilroy has always recognized the eventual incorporation of this unique rural community, and directs its comments to specific characteristics that will help define its place in southern Santa Clara County. The City of Gilroy has the following preliminary comments:

#1. Of immediate concern is the proposed boundary for San Martin that assumes the sphere of influence line, urban service area boundary, and city limit line will be coterminous with the future edge Gilroy's northerly limits. There are a number of issues and concerns here that focus upon consistency with the adopted South County Joint Area Plan [jointly adopted by the County of Santa Clara and the cities of Gilroy and Morgan Hill in 1989]. Specifically, these potential conflicts arise within the following policies:

- Policy 1.08 – Urban growth should be managed and scheduled consistent with the ability to provide public facilities and services, such as sewer capacity, water, transportation, schools, public safety and other urban services.
- Policy 1.10 - Urban development should occur only in the cities and where the full array of urban services can be provided.
- Policy 5.00 – Infrastructure needs should be identified and its development coordinated to minimize costs and to support achievement of community goals.

- Policy 6.03 – San Martin’s sewage treatment needs should be determined with consideration given to the implications of economics, population, land use, environmental concerns, and the governmental status of San Martin.
- Policy 14.09 – The Cities should use their policies for urban service area extensions and utilities to guide urban growth away from long term agricultural areas.
- Policy 16.15 – The area between Morgan Hill and Gilroy should be studied for the purpose of establishing a greenbelt with such uses as low-density rural residential, agricultural activities such as row crops, and recreation areas.
- Policy 18.00 - ... If, in the future, urbanization is recommended for San Martin, a wastewater management program should be developed which includes mechanisms for implementation and financing.

#2. Agricultural Mitigation Policies have been a strong focus for recent LAFCO actions, indicating that those policies will be applied to ALL future city requests for expansion of urban service area boundaries. The proposed incorporation of San Martin and establishment of an Urban Service Area boundary will include a substantial amount of agricultural land, much of which is designated as “prime.” In addition, the negative declaration background documentation states the possibility of future land use changes by the San Martin City Council. It is unclear, and a bit ambiguous, why the proposed boundary would include agricultural land within the proposed city limits, all the while acknowledging the potential to be converted to a more urban use in the future.

#3. A lack of consistency with established LAFCO policies relevant to the subject incorporation. It appears that the proposed San Martin boundaries may be inconsistent with the following LAFCO incorporation policies:

- Policy 3(e) – states in part “An area proposed for incorporation must be compact and contiguous, and possess a community identity.”
- Policy 3(f) – states in part “The proposed boundaries and alternatives shall not create islands or areas that would be difficult to serve.”
- Policy 3(h) – states in part “Inclusion of agricultural and open space lands within the boundaries of a proposed city is discouraged.”

#4. The California Environmental Quality Act (CEQA) review documentation needs some additional clarification prior to proceeding with project evaluation. The proposed negative declaration indicates that LAFCO will potentially consider, as part of the San Martin incorporation request, alternative boundaries for the proposed city. Will this action occur prior to, parallel with, or some unknown time following the adoption of the negative declaration. It is imperative that the city limits, urban service area boundary, and the sphere of influence line be properly established before the completion of the environmental assessment and the adoption of the negative declaration.

Without clear articulation of these boundaries, it is not possible to determine consistency of the proposal with LAFCO or South County Joint Area Plan policies, and therefore, potential impacts.

Thank you for the opportunity to comment on the proposed San Martin incorporation.

Sincerely;

William Faus
Planning Division Manager
Bill.faus@ci.gilroy.ca.us